

**REPORT OF THE AUDIT OF THE
TRIGG COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2002**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE TRIGG COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2002**

The Auditor of Public Accounts has completed the Trigg County Fiscal Court audit for fiscal year ended June 30, 2002. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

Financial Condition:

Cash balances decreased by \$239,552 from the beginning of the year, resulting in a cash surplus of \$539,881 as of June 30, 2002.

Debt Obligation:

Capital lease principal totaled \$35,700 as of June 30, 2002. Future principal and interest payments of \$38,741 are needed to meet this obligation. The American Legion has paid the past principal and interest payments on this lease agreement.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Berlin Moore, Jr., Trigg County Judge/Executive

Members of the Trigg County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and equity arising from cash transactions of Trigg County, Kentucky, as of June 30, 2002, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Trigg County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Trigg County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and equity of Trigg County, Kentucky as of June 30, 2002 and the receipts and disbursements for the year then ended, in conformity with the modified cash basis of accounting.



To the People of Kentucky
Honorable Paul E. Patton, Governor
Gordon C. Duke, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Berlin Moore, Jr., Trigg County Judge/Executive
Members of the Trigg County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 21, 2003 on our consideration of Trigg County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Trigg County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 21, 2003

TRIGG COUNTY OFFICIALS

For The Fiscal Year Ended June 30, 2002

Fiscal Court Members:

Berlin Moore, Jr.	County Judge/Executive
Lacy Bush	Magistrate
Larry Lawrence	Magistrate
Tony Mitchell	Magistrate
Kelly P. Pool	Magistrate
Kevin Stroud	Magistrate
Donnie Tyler	Magistrate
Gene Wright	Magistrate

Other Elected Officials:

H. B. Quinn	County Attorney
R. Glenn Cunningham	Jailer
Wanda Thomas	County Clerk
Pat Wallace	Circuit Court Clerk
Randy Clark	Sheriff
Mike Bryan	Property Valuation Administrator
John R. Vinson, III	Coroner

Appointed Personnel:

Elsie Tinsley	County Treasurer
Ruth Anne Mitchell	Finance Officer
Jack Tommy Hanberry	Road Supervisor
Kathy DeCoursey	911 Administrator

STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

TRIGG COUNTY
STATEMENT OF ASSETS, LIABILITIES,
AND EQUITY ARISING FROM CASH TRANSACTIONS

June 30, 2002

	Governmental Fund Type
	<u>General</u>
<u>Assets and Other Resources</u>	
<u>Assets</u>	
Cash	\$ 549,593
Total Assets	\$ 549,593
<u>Other Resources</u>	
Amounts to Be Provided in Future Years for:	
Capital Lease	\$ 35,700
Total Other Resources	\$ 35,700
Total Assets and Other Resources	<u>\$ 585,293</u>
<u>Liabilities and Equity</u>	
<u>Liabilities</u>	
Payroll Liabilities	\$ 9,712
Capital Lease	35,700
Total Liabilities	<u>\$ 45,412</u>
<u>Equity</u>	
Fund Balances:	
Unreserved	\$ 539,881
Total Equity	<u>\$ 539,881</u>
Total Liabilities and Equity	<u>\$ 585,293</u>

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

TRIGG COUNTY
STATEMENT OF CASH RECEIPTS,
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

For The Fiscal Year Ended June 30, 2002

	<u>General Fund Types</u>			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 2,934,959	\$ 1,870,016	\$ 947,437	\$ 67,428
Other Financing Sources:				
Transfers In	225,000	50,000		175,000
Borrowed Money	100,000	100,000		
Total Cash Receipts	<u>\$ 3,259,959</u>	<u>\$ 2,020,016</u>	<u>\$ 947,437</u>	<u>\$ 242,428</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,174,511	\$ 1,978,356	\$ 912,747	\$ 232,091
Other Financing Uses:				
Transfers Out	225,000	175,000	50,000	
Borrowed Money Repaid	100,000	100,000		
Total Cash Disbursements	<u>\$ 3,499,511</u>	<u>\$ 2,253,356</u>	<u>\$ 962,747</u>	<u>\$ 232,091</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ (239,552)	\$ (233,340)	\$ (15,310)	\$ 10,337
Cash Balance - July 1, 2001	<u>779,433</u>	<u>571,514</u>	<u>174,657</u>	<u>6,424</u>
Cash Balance - June 30, 2002	<u><u>\$ 539,881</u></u>	<u><u>\$ 338,174</u></u>	<u><u>\$ 159,347</u></u>	<u><u>\$ 16,761</u></u>

The accompanying notes are an integral part of the financial statements.

TRIGG COUNTY
 STATEMENT OF CASH RECEIPTS,
 CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES
 For The Fiscal Year Ended June 30, 2002
 (Continued)

<u>General Fund Types</u>	
	Local Government Economic Assistance Fund
\$	50,078
<hr/>	
\$	50,078
<hr/>	
\$	51,317
<hr/>	
\$	51,317
<hr/>	
\$	(1,239)
	26,838
<hr/>	
\$	25,599
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The accompanying notes are an integral part of the financial statements.

TRIGG COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2002

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Trigg County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Trigg County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Trigg County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Trigg County Fiscal Court's fund types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Trigg County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, and Local Government Economic Assistance Fund.

TRIGG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Long-term receivables, long-term obligations and amounts to be provided in future years to retire debt are recorded in the financial statements. The amount to be provided in future years to retire debt is offset by any cash or cash equivalents held by the county in a bond or debt service fund.

The State Local Finance Officer does not require the county to maintain a general fixed assets group of accounts; therefore the value of the county's fixed assets is not included in the financial statements. These fixed assets include buildings, equipment, and land that are owned by the county.

D. Legal Compliance - Budget

The Trigg County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash

Cash includes amounts in bank accounts.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

TRIGG COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2002
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

F. Related Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Trigg County Fiscal Court: Trigg County Industrial Development, Trigg County Senior Citizens, Trigg County Ambulance Service, Trigg County Water Districts, Trigg County Conservation District, Trigg County Library, and Trigg County Extension Service.

G. Joint Ventures

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based on these criteria, the following are considered joint ventures of Trigg County Fiscal Court: City of Cadiz/Trigg County Tourism Commissions, City of Cadiz/Trigg County Planning and Zoning Commission, and Trigg County Public Hospital Corporation.

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 6.41 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report.

TRIGG COUNTY
 NOTES TO FINANCIAL STATEMENTS
 June 30, 2002
 (Continued)

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2002, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Capital Lease Agreement

The Trigg County Fiscal Court entered into a capital lease agreement with the Kentucky Area Development District Financing Trust for \$100,000 on July 23, 1997. The proceeds passed through the County's budget to the American Legion so a reduced rate of interest could be received on the loan. The American Legion used the proceeds to construct a swimming pool. The American Legion has agreed to repay the loan.

Fiscal Year Ended		
June 30	Interest	Principal
2003	\$ 1,978	\$ 15,900
2004	973	16,900
2005	90	2,900
Totals	<u>\$ 3,041</u>	<u>\$ 35,700</u>

Note 5. Insurance

For the fiscal year ended June 30, 2002, Trigg County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

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COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

TRIGG COUNTY
COMPARATIVE SCHEDULE OF
BUDGETED TO ACTUAL OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

<u>Budgeted Funds</u>	<u>Budgeted Operating Revenue</u>	<u>Actual Operating Revenue</u>	<u>Over (Under) Budget</u>
<u>General Fund Types</u>			
General Fund	\$ 1,595,167	\$ 1,870,016	\$ 274,849
Road and Bridge Fund	931,774	947,437	15,663
Jail Fund	57,837	67,428	9,591
Local Government Economic Assistance Fund	<u>25,000</u>	<u>50,078</u>	<u>25,078</u>
Totals	<u>\$ 2,609,778</u>	<u>\$ 2,934,959</u>	<u>\$ 325,181</u>
<u>Reconciliation</u>			
Total Budgeted Operating Revenue Above			\$ 2,609,778
Add: Budgeted Prior Year Surplus			779,433
Add: Borrowed Money			100,000
Less: Other Financing Uses			<u>(100,000)</u>
Total Operating Budget Per Comparative Schedule of Final Budget and Budgeted Expenditures			<u>\$ 3,389,211</u>

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SCHEDULE OF OPERATING REVENUE

TRIGG COUNTY
SCHEDULE OF OPERATING REVENUE

For The Fiscal Year Ended June 30, 2002

	GOVERNMENTAL FUND TYPE
	<u>General Fund Types</u>
<u>Revenue Categories</u>	
Taxes	\$ 1,159,624
In Lieu Tax Payments	118,940
Excess Fees	70,683
Licenses and Permits	14,515
Intergovernmental Revenues	1,360,884
Charges for Services	54,856
Miscellaneous Revenues	148,195
Interest Earned	<u>7,262</u>
Total Operating Revenue	<u><u>\$ 2,934,959</u></u>

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COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

TRIGG COUNTY
COMPARATIVE SCHEDULE OF
FINAL BUDGET AND BUDGETED EXPENDITURES

For The Fiscal Year Ended June 30, 2002

Expenditure Categories	GENERAL FUND TYPES		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 851,477	\$ 840,095	\$ 11,382
Protection to Persons and Property	781,193	727,205	53,988
General Health and Sanitation	184,392	183,271	1,121
Social Services	9,280	7,993	1,287
Recreation and Culture	97,948	96,131	1,817
Roads	792,782	770,904	21,878
Debt Service	792	792	
Administration	671,347	548,120	123,227
Total Operating Budget - General Fund Types	\$ 3,389,211	\$ 3,174,511	\$ 214,700
Other Financing Uses:			
Borrowed Money-Courthouse Annex Principal	100,000	100,000	
TOTAL BUDGET - GENERAL FUND TYPES	<u>\$ 3,489,211</u>	<u>\$ 3,274,511</u>	<u>\$ 214,700</u>

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

Gordon C. Duke, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Berlin Moore, Jr., Trigg County Judge/Executive

Members of the Trigg County Fiscal Court

Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements of Trigg County, Kentucky, as of and for the year ended June 30, 2002, and have issued our report thereon dated July 21, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Trigg County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Trigg County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.



Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a long horizontal flourish extending to the right.

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Audit fieldwork completed -
July 21, 2003

CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM


TRIGG COUNTY FISCAL COURT

For The Fiscal Year Ended
June 30, 2002

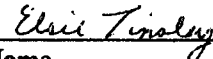
CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
TRIGG COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2002

The Trigg County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name
County Judge/Executive



Name
County Treasurer

